

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 XMB-02 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 /092 W

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P R 181300Z MAY 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 5696

INFO AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE BRASILIA 4339

DEPARTMENT PASS EXIMBANK

E.O. 11652: N/A

TAGS: ENRG, EMIN, BR

SUBJECT: PETROBRAS OFFICIAL COMMENTS ON FERTILIZER AND OIL  
SHALE

CONGEN RIO PREPARED THIS TELEGRAM, EMBASSY CONCURS.

1. DURING MEETING WITH EXIM OFFICIALS MAY 10, PETROBRAS  
FINANCIAL DIRECTOR CARLOS ISNARD SAID THAT HE PROBABLY  
WILL JOIN MIN. MUEKI IN WASHINGTON. HE WOULD BE  
ACCOMPANIED BY TWO DIRECTORS OF PETROBRAS FERTILIZANTES  
S.A., LUIS DE MAGALHAES BOTELHO AND LEONEL FINOTTI  
(SEE RIO 1773 OF MAY 7). THEY ARE DUE TO SIGN A \$50  
MILLION LOAN WITH THE WORLD BANK NEXT WEEK. LOAN PROCEEDS  
WILL BE MAINLY APPLIED TO THE NEW AMMONIA AND UREA PROJECT  
IN ARAUCARIA NEAR CURITIBA. (INCIDENTLLY, ISNARD MEN-  
TIONED THAT PETROBRAS'S NEW FERTILIZER SUBSIDIARY CANNOT  
BE CALLED "FERTIBRAS," AS PRESS HAS BEEN DOING, BECAUSE  
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THERE ALREADY IS ANOTHER COMPANY USING THAT NZHE IN

BRAZIL. CORRECT NAME IS "PETROBRAS FERTILIZANTES.")

2. ISNARD SAID HE WAS NOT SURE WHETHER GROUP WOULD APPROACH EXIM CONCERNING THE FINANCING OF FERTILIZER PROJECTS. HE INDICATED THAT EUROPEAN EQUIPMENT AND FINANCING WAS MORE COMPETITIVE ON SUCH EQUIPMENT.

3. ON OIL SHALE, ISNARD STRONGLY HINTED THAT PETROBRAS FAVORS GOING AHEAD WITH THE PROPOSED PARANA PROJECT BUT THAT MIN. UEKI IS AGAINST IT AT THIS TIME. HE CONFIRMED THAT A FINAL DECISION IS IN HANDS OF UPPER ECHELONS OF GOB. ISNARD SAID THAT PURPOSE OF ROMERO MOREIRA'S RECENT VISIT TO U.S. WAS TO EXCHANGE INFORMATION AND IDEAS, WHICH ISNARD SAID WAS ACHIEVED, HE SAID, HOWEVER, THAT MOREIRA, BEING A TECHNICAL MAN, WAS NOT REALLY THE BEST OFFICIAL TO DISCUSS THE FINANCIAL ASPECTS OF THE PROJECT. ISNARD SAID THAT PETROBRAS ESTIMATES THE PROJECT'S COSTS AT SLIGHTLY LESS THAN \$12 PER BARREL, USING TODAY'S PRICES, BUT CONCEDED THAT THE ULTIMATE COST WOULD NO DOUBT BE GREATER.  
CRIMMINS

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, FERTILIZERS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 MAY 1976  
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**Disposition Authority:** buchant0  
**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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**TAGS:** ENRG, EMIN, BR, PETROBRAS FERTILIZANTES  
**To:** STATE  
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